Augenne Hinless

2008 Dec 04 11:10 AM

Fee: \$ 28.00

D208444960

Submitter: SIMPLIFILE

4 Pages

NOTICE OF CONFIDENTIALITY RIGHTS: A NATURAL PERSON MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION BEFORE IT IS FILED YOUR SOCIAL SECURITY NUMBER OR YOUR IN THE PUBLIC RECORDS: DRIVER'S LICENSE NUMBER.

XTO REV PROD 88 (7-69) PAID UP (04/17/07)B

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 6th day of November, 2008, between Michael L. Hanna and Michaela M. Hanna, husband and wife, Lessor (whether one or more), whose address is: 8716 Township Court, Fort Worth, Texas 76179, and XTO Energy Inc., whose address is: 810 Houston St., Fort Worth, Texas 76102, Lessee, WITNESSETH:

1. Lessor, in consideration of ten dollars and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to exclusive right of exploring, drilling, mining and operating to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface or

0.550 acres of land, more or less, out of the D. Pace Survey, Abstract No. 1245, being Lot 24, Block 25, Lake Country Estates, Phase V, an Addition to the City of Fort Worth, Tarrant County, Texas, according to the map thereof recorded in Volume 388-82, Page 26, Wap Records, Tarrant County, Texas, and being those same lands more particularly described in a Warranty Deed with Vendor's Map Records, Tarrant Country, Texas, and being those same lands more particularly described in a Warranty Deed with Vendor's Lien dated December 9, 2005, from Gene Floyd, a single man to Michael L. Hanna and Michaela M. Hanna, husband and wife and Lien dated December 9, 2005, from Gene Floyd, a single man to Michael L. Hanna and Michaela M. Hanna, husband and wife and Lien dated December 9, 2005, from Gene Floyd, a single man to Michael L. Hanna and Michaela M. Hanna, husband and wife and Lien dated December 9, 2005, from Gene Floyd, a single man to Michael L. Hanna and Michaela M. Hanna, husband and wife and Lien dated December 9, 2005, from Gene Floyd, a single man to Michael L. Hanna and Michaela M. Hanna, husband and wife and Lien dated December 9, 2005, from Gene Floyd, a single man to Michael L. Hanna and Michaela M. Hanna, husband and wife and Lien dated December 9, 2005, from Gene Floyd, a single man to Michael L. Hanna and Michaela M. Hanna, husband and wife and Lien dated December 9, 2005, from Gene Floyd, a single man to Michael L. Hanna and Michaela M. Hanna, husband and wife and Lien dated December 9, 2005, from Gene Floyd, a single man to Michael L. Hanna and Michaela M. Hanna, husband and wife and Lien dated December 9, 2005, from Gene Floyd, a single man to Michael L. Hanna and Michaela M. Hanna, husband and wife and Lien dated December 9, 2005, from Gene Floyd, a single man to Michael L. Hanna and Michaela M. Hanna, husband and wife and Lien dated December 9, 2005, from Gene Floyd, a single man to Michael L. Hanna and Michaela M. Hanna, husband and Lien dated December 9, 2005, from Gene Floyd, a single man to Micha

SEE ATTACHED ADDENDUM FOR ADDITIONAL PROVISIONS

This is a non-developmental Oil & Gas Lease, whereby Lessee, its successors or assigns, shall not conduct any operations, as defined herein, on the surface of said lands. However, Lessee shall have the right to pool or unitize said lands, or part thereof, with other lands to comprise an oil and/or gas development unit.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion, after-acquired title or unrecorded instrument of (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land more complete or accurate description of said land. For the purpose of determining the above recital of acreage in any tract shall be deemed to contain 0.550 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal 114 part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average equal 114 part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such 114 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, posted market price of such 114 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, ose 114 of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land to 19 when sold by Lessee, 114 of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas; (c) To pay the manufacture of gasoline or other products, the market value, at the mouth of the well, of 114 of such gas and casinghead gas; (c) To pay the manufacture of gasoline or other products, the market value, at the mouth of the well, of 114 of such gas and casinghead gas; (c) To pay the manufacture of gasoline or other products, the market value, at the mouth of the well, of 114 of such gas and casinghead gas; (c) To pay the manufacture of gasoline or other products, the market pay less of gasoline or other products, the market value, at the mouth of the well, or 120 per long ton. If, at the expiration of the primary term of pay the mouth of the well, or 120 per long ton. If, at the expiration of the primary term, at the case shall, nevertheless, continue in force as thought operations were being of producing oil or gas, and all such walls are shut-in, and thereafter this lease may be continued in force as thought o

A. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than castinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced (1) gas, other than castinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the trime established, or after enlargement, are permitted or required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling or all exercise said option as to each desired unit enlarged to conform to the size permitted or required by such governmental order or rule. Lessee shall exercise said option as to each desired unit shall become effective as of the date provided for in said instrument or instruments or instruments make no such provision, then such unit shall become effective on the date such instrument or instruments are so filed of record. Each of said options may be exercised by Lessee at any time and from time to time while this lease is in force, and whether before or after operations or production has been established either on said instrument or instruments are so filed of record. Each of said options may be exercised by Lessee at any time and from time to time while thi

such unit. Any unit formed may be amended, re-formed, reduced or enlarged by Lessee at its election at any time and from time to time after the original forming thereof by filing an appropriate instrument of record in the public office in which the pooled acreage is located. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to or shall be implied or result merely from the inclusion of such separate tracts within this lease of provided. As used in this paragraph 4, the pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4 with consequent allocation of production as herein provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4 with consequent allocation of production as herein provided in this paragraph 4 with consequent allocation of production as herein provided in this paragraph 4 with consequent allocation of production as herein provid

- 5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
- 6. Whenever used in this lease the word "operations" shall mean operations for and/or any of the following: preparing the drillsite location and/or access road, drilling, testing, completing, reworking, recompleting, deepening, sidetracking, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other minerals, whether or not in paying quantities.
- 7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
- 8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, and successive assigns. No change or division in the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until sixty (60) days after there has been furnished to such record owner at his or its principal be binding upon the then record owner of this lease until sixty (60) days after there has been furnished to such record owner at his or its principal be binding upon the then record owner of this lease until sixty (60) days after there has been furnished to such record owner at his or its principal be binding upon the then record owner of this lease until sixty (60) days after there has been furnished to such record owner at his or its principal be binding upon the then record owner of this lease until sixty (60) days after there has been furnished to such record owner at his or its principal be binding upon the then record owner of this lease until sixty (60) days after there has been furnished to such change or division, supported by either originals or duly place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change o
- 9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after receipt of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less that forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules as are necessary to operations on the acreage so retained and shall not be required to move or remove any existing surface facilities necessary or con
- 10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor interests hereunder shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the agrees that Lessee shall be paid or which may become payable to Lessor rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other entire and undivided fee simple estate therein. All royalty interest covered by this lease (whether therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether therein) as Lessor.
- 11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.
- 12. Lessor agrees that this lease covers and includes any and all of Lessor's rights in and to any existing well(s) and/or wellbore(s) on said land, other than existing water wells, and for all purposes of this lease the re-entry and use by Lessee of any existing well and/or wellbore shall be deemed the same as the drilling of a new well.
- 13. Notwithstanding anything to the contrary contained in this lease, at the option of Lessee, which may be exercised by Lessee giving notice to Lessor, a well which has been drilled and Lessee intends to frac shall be deemed a well capable of producing in paying quantities and the date such well is shut-in shall be when the drilling operations are completed.
- æ ed g. Sh

dantities and the date said the	
14. As a result of land development in the vicinitiestrictions as may be set forth in this lease and/or of and Lessee may encounter difficulty securing surfactions or other operations are either restricted of operations conducted at a surface location off of sain provided that such operations are associated with a under said land or lands pooled therewith, shall focuntained in this paragraph is intended to modify a except as expressly stated.	ity of said land, governmental rules or ordinances regarding well sites, and/or surface ther leases in the vicinity, surface locations for well sites in the vicinity may be limite ace location(s) for drilling, reworking or other operations. Therefore, since drilling or not allowed on said land or other leases in the vicinity, it is agreed that any sucid land or off of lands with which said land are pooled in accordance with this lease directional well for the purpose of drilling, reworking, producing or other operation or purposes of this lease be deemed operations conducted on said land. Nothing any surface restrictions or pooling provisions or restrictions contained in this lease
IN WITNESS WHEREOF, this instrument is execu	ited on the date first above written.
ESSOR(S) Ham	Michaela M. Hanna
BY: MICHAEL L. HANNA	BY: INTOFIAELA IVI. HARTINA
STATE OFTexas }	
} ss.	(ACKNOWLEDGMENT FOR INDIVIDUAL)
	ne <u>06</u> day of <u>/Vovember</u> , 2008 by Michael L. Hanna and Michaela N
CHADLER C. CAMPBELL Notary Public, State of Texas My Commission Expires August 28, 2011	Signature Mostle Complete Notary Public Printed Chadler C. Complet!

ADDENDUM

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED THE 6TH DAY OF NOVEMBER, 2008, BETWEEN MICHAEL L. HANNA AND MICHAELA M. HANNA, HUSBAND AND WIFE, AS LESSOR, AND XTO ENERGY INC., AS LESSEE, COVERING 0.550 ACRES OF LAND, MORE OR LESS, OUT OF THE D. PACE SURVEY, ABSTRACT 1245, IN TARRANT COUNTY, TEXAS.

THE PROVISIONS OF ADDENDUM SUPERSEDE COMPLETELY ANY PROVISIONS TO THE CONTRARY CONTAINED IN THE LEASE TO WHICH THIS ADDENDUM IS ATTACHED.

- Minerals Covered. Notwithstanding any other provision hereof, this lease covers only oil and gas. The term "oil and gas" means oil, gas, and other liquid and gaseous hydrocarbons and their constituent elements produced through a well bore.
- 16. Gas Royalty. (a) Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) for oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be twenty five percent (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; and (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be twenty five percent (25%) of the proceeds realized by Lessee from the sale thereof, computed at the point of sale, less a proportionate part of ad valorem taxes and production, severance or other excise taxes, and less the permitted unaffiliated third party deductions described below; provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder.
 - (b) Royalties on oil, gas and other substances produced and saved hereunder which are processed in a processing plant in which Lessee, or an affiliate of Lessee, has a direct or indirect interest, shall be calculated based upon the higher of the proceeds received or the market value of the products so processed. Similarly, on oil, gas and other substances produced and saved hereunder which are sold to Lessee, or an affiliate of Lessee, royalties shall be paid based upon the higher of the market value of the products so sold and the proceeds received by Lessee for said products. Notwithstanding anything to the contrary herein, except for nonaffiliated third-party charges incurred or paid by Lessee, in no event shall any of Lessor's royalty bear any part of the costs of production or any post-production costs, including costs of lifting, gathering, dehydration, compression, separation, delivery, transportation, manufacture, processing, treating or marketing, or for construction, operation or depreciation of any plant or other facility or equipment for processing or treating oil or gas produced from the leased premises or lands pooled therewith. In no event shall Lessor receive a price greater than or less than Lessee in sales to nonaffiliates.
 - (c) As used herein, "affiliate" means (i) a corporation, joint venture, partnership or other entity that owns more than ten percent (10%) of the outstanding voting interest of Lessee or in which Lessee owns more than ten percent (10%) of the outstanding voting interest; or (ii) a corporation, joint venture, partnership or other entity in which, together with Lessee, more than ten percent (10%) of the outstanding voting interest of both the Lessee and the other corporation, joint venture, partnership or other entity is owned or controlled by the same person or group of persons.
 - 17. Shut-in Royalty. If at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this Lease. A well that has been drilled but not fraced shall be deemed capable of producing in paying quantities. If for a period of ninety (90) consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of twenty five dollars (\$25.00) per acre then covered by this Lease on or before the end of said 90-day period and thereafter on or before each anniversary of the date the first payment is due; provided, however, that if this Lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Notwithstanding anything to the contrary herein, it is expressly understood and agreed that after the expiration of the primary term, Lessee shall not have the right to continue this Lease in force by payment of shut-in royalty for more than one single period of up to two (2) consecutive years.
 - No Surface Operations. It is hereby agreed and understood that there shall be no drilling activities on the surface of the leased premises without the prior written permission from the surface owner of the applicable portion of the leased premises. Notwithstanding the foregoing, this waiver of surface shall not be construed as a waiver of the rights of Lessee to utilize the subsurface of the leased premises under this lease, and Lessee shall have the right to exploit, explore for, develop and produce oil, gas and other covered minerals under this lease from wells from surface locations off the leased premises, including, but not limited to, directional or horizontal drilling activity which comes under the surface of the leased premises. This drilling surface waiver does not apply to any surface rights associated with instruments other than this lease.
 - 19. Vertical Pugh. Upon the expiration of the primary term of this Lease, upon the expiration of any extension or renewal of the primary term, or after cessation of operations as provided herein, whichever occurs last, this Lease shall terminate as to all rights lying below one hundred feet (100') below the stratigraphic equivalent of the deepest formation drilled.
 - No Warranties. Lessor makes no warranty of any kind with respect to title to the Land. By acceptance of this Lease, Lessee acknowledges that it has been given every opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land, and Lessee assumes all risk of title failures. All warranties that might arise by common law or by statute, including but not limited to Section 5.023 of the Texas Property Code (or its successors), are excluded. If Lessor owns an interest in the Land less than the entire fee simple estate, then the royalties (including shut-in royalties) payable hereunder will be reduced proportionately. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Lessor will use all its reasonable efforts to assist Lessee to subordinate any rights of a mortgage holder to perfect the Lessee's rights under this lease; provided, however, any necessary subordination shall be obtained by Lessee at Lessee's sole expense. In the event Lessee is unable to obtain a subordination agreement, Lessee, at its option, may discharge any tax, mortgage, or other lien or interest and other charges on the Land superior to this Lease, and in the event Lessee does so, Lessee will have the option of applying the royalties accruing to Lessor toward payment of same and Lessee shall be subrogated to the rights of the holder thereof.
 - 21. Indemnity. Lessee hereby releases and discharges Lessor and the owner of the surface estate, along with their officers, employees, partners, agents, contractors, subcontractors, guests and invitees, and their respective heirs, successors and assigns (collectively the "Lessor Parties"), of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees and agents arising out of, incidental to or resulting from, the operations of or for Lessee on or under the leased premises or at the drill site or operations site or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Lease, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the Lessor Parties against any and all claims, liabilities, losses, damages, actions, property damage, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, statute or strict liability, including attorney fees and other legal expenses, including those related to environmental hazards on or under the leased premises or at the drill site or operations any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's use of the surface or subsurface of the leased premises or at the drill site or operations site; those arising from Lessee's use of the surface or subsurface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Lease or any other act or omission of Lessee,

defend and hold harmless the Lessor Parties in the same manner provided above in connection with the activities of Lessee, its officers, employees and agents as described above. EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS LEASE SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE OR PASSIVE.

- 22. Noise levels associated with Lessee's operations related to the drilling, completion and reworking of wells shall comply with the City of Fort Worth Drilling Ordinance, as amended.
- 23. Limited Power of Attorney to Obtain Subordination Agreement. By the execution of this Lease, Lessor does hereby appoint and designate Lessee, its successors and assigns, as its attorneys-in-fact solely for the limited purpose of allowing Lessee to contact Lessor's lender or mortgagor (if any) on behalf of Lessor to obtain a lien subordination agreement or other similar document for purposes of subordinating any mortgage on the leased premises to Lessee's interests in this lease. Lessee will mail a copy of the executed and recorded lien subordination agreement or similar agreement when finalized. When Lessee has finalized its lien subordination agreement or similar agreement with Lessor's lender or mortgagor, this limited power-of-attorney to the Lessee shall in all respects terminate and automatically be revoked. Lessee shall bear any and all costs associated with obtaining any such lien subordination agreement or similar agreement.
- Waiver of Claims as to Gas Lease Committee and Acknowledgement of Independent Legal Advice. Lessor acknowledges that the terms of this Lease, the amount of royalty and bonus paid hereunder, and other terms negotiated with Lessee with respect to this Lease (the "Negotiated Terms") were obtained as a result of negotiations between Lessee and a group known as the Greater Lake Country Gas Leasing Task Force ("GLCGLTF"), which consisted of a committee of unpaid volunteers, including Brad Shaw, Carl Wilson, Dick Deatrick, Dennis Shingleton, Nora Donavan, Margaret Hamlin, Jim Usher, Cecilia Valdez, Phil Fox, Craig Zieres, Dave Newell, Ginger Mayronne, Robert Fife, Fred Villarreal (the "GLCGLTF Gas Lease Committee"). In consideration of the efforts of the GLCGLTF in negotiating and obtaining the Negotiated Terms, Lessor, individually and on behalf of Lessor's agents, representatives, family members, predecessors, successors, heirs and assigns, hereby releases and forever discharges GLCGLTF, the GLCGLTF, and any of GLCGLTF's or the GLCGLTF Gas Lease Committee's members, agents, and representatives, specifically including any attorneys engaged by the GLCGLTF Gas Lease Committee to facilitate the solicitation of bids and negotiation of lease terms (the "GLCGLTF Releases"), of and from any and all claims, demands, obligations, losses, causes of action, costs, expenses, attorney's fees, and liabilities of any nature whatsoever, whether based on contract, tort, statute or other legal or equitable theory of recovery, whether known or unknown, which Lessor has, has had, or claims to have against the GLCGLTF Releases, which arise out of or relate to (a) the Negotiated Terms, (b) the negotiation of the Negotiated Terms, or (c) the inclusion and/or omission of any terms within the Negotiated Terms. Lessor further acknowledges and represents that (a) the GLCGLTF Releases have not acted as Lessor's agent in connection with this Lease; (b) Lessor, in making the decision to enter into this Lease, and (c) Lessor's decision to enter in

Executed on the date first written above.

Michael I. Hanna

Michaela M. Hanna
Michaela M. Hanna